

AERONAUTICS COMMISSION REPORT FOR 2015

50-2-4. Report to Governor. On or before the thirty-first day of December, in each year, the commission shall make, to the Governor, a full report of its proceedings for the year ending the thirtieth day of June preceding and may submit with the report any recommendations pertaining to the commission's affairs as seem to the commission to be desirable.

1. Commission members and terms (all expire on October 30)

Skip VanDerhule, Chairman, Yankton, term expires 2017
Eric Odenbach, Vice-Chairman, Eureka, term expires 2018
Dave Luers , Pierre, term expires 2016
Christopher Funk, Volga, term expires 2018
Travis Lantis, Spearfish, term expires 2016
Dan Noteboom, Corsics, term expires 2018
Arnie Hauge, Sioux Falls, term expires 2016

2. Staffing of aeronautics office (no vacancies at this time)

Engineering manager and secretary (1/3 each to aeronautics), two engineers, a project technician and a program assistant.

3. Number of airports

There are currently 70 public use airports in the State (6 commercial services with the remainder being general aviation). Three airports have closed in recent years (North Sioux City, Dupree, and McIntosh).

4. Number of registered aircraft over last five years and the registration fees collected in the same time period

- a. Please see Attachment #1. The “registration fee” is due yearly based on the size and age of an aircraft. This law is outdated with the average registration being less than \$35, and a relatively large percentage of aircraft registered for \$12.50 per year.
- b. The “Tax Payment” is an original registration tax based on the purchase price of the aircraft. This is 4% on all aircraft except agriculture related which is 3%. The great variation from year to year is caused by the high value of some aircraft. The original registration of just one \$20,000,000 dollar jet would provide \$800,000 in tax.
- c. The number of registered aircraft has increased for the last five years. There was a significant increase (9.4%) between 2013 & 2014.

5. Aviation fuels used in the last five years and the tax received in the same time period

	AV Gas	Jet Fuel	Total	Fuel Collections	Tax on Aircraft	Total
FY2010	1,266,792.00	12,625,034.00	13,891,826.00	\$550,997	\$536,712	\$1,087,709
FY2011	1,314,542.00	15,682,589.00	16,997,131.00	\$751,441	\$1,610,106	\$2,361,547
FY2012	1,144,570.00	16,620,410.00	17,764,980.00	\$767,631	\$774,998	\$1,542,629
FY2013	1,171,553.00	16,607,131.00	17,778,684.00	\$737,928	\$1,630,462	\$2,368,391
FY2014	1,016,967.00	14,924,629.00	15,941,596.00	\$715,358	\$1,019,578	\$1,734,936
FY2015	1,082,901.00	16,447,910.00	17,530,811.00	\$729,541	\$1,259,876	\$1,989,417

a. Federal funds received in the last six years.

FY2010-\$38,406,473

FY2011-\$38,518,358

FY2012-\$26,704,910

FY2013-\$31,812,519

FY2014-\$19,831,306

FY2015-\$20,432,294

b. Federal funding issues. The required match to federal funds changed in 2012 from 5% to 10%. The commission changed the State portion from 3% to 5% in 2013 which leaves 5% for local match.

6. List of Airport Improvement Program (AIP) projects in FY16 is in draft form and will likely change. See attachment #2.
7. Airport inspections. Each non-commercial airport is inspected by DOT each year, with further compliance inspections conducted as needed. The commercial service airports are inspected by the FAA.
8. Aeronautics Trust Fund
Please see attachment #3 for a report on the aeronautics fund condition. In 2010, \$3.5 million was swept from the fund through legislative action for other uses. In 2014, the legislature put \$500,000 back into the fund . The fund’s largest expense is the match required on federal money used for the Airport Improvement Program (AIP). Examples of AIP projects include runway construction, runway maintenance, taxiways, airport aprons, revenue producing hangers and fuel systems, runway lighting, airport fencing, and other infrastructure improvements. The other two highlights in the report show a trend in “receipts less disbursements” and in the “ending cash balance”.
9. Legislation
 - a. Title 50 on aviation was updated in the 2014 legislature with a major re-write and clean-up.
 - b. Other legislative issues for the future. “Fees” were not addressed in the Title 50 re-write in 2014. The two main sources of revenue to the aeronautics trust fund in South Dakota are tax on aviation fuel and original registration (sales) tax on aircraft. We want these two taxes to both produce adequate revenue yet stay competitive with other states. For example, we want aircraft fueled in South Dakota, and we want aircraft to be registered in the State. We cannot price ourselves out of the market. Yearly aircraft registration and dealer fees are severely outdated in law. For example, a large percentage of aircraft in the State are registered for \$12.50. It costs more to provide the decal. Because of the relatively small number of aircraft, we could double the fees and collect another

\$50,000 in revenue. It is not a large generator of revenue, so on the other hand why cause grief by raising the fees excessively.

10. Status of airport directory and aeronautical chart

- a. Periodically (mostly bi-annually) the Commission has authorized the development and publication of two pilot resources; the Airport Directory and the South Dakota Aeronautical Chart. These were distributed in CY 2015 at a total cost of about \$18,000.
- b. DOT sponsors a yearly “Airport’s Conference” usually in the spring to bring together airport managers, airport sponsors which is usually a municipality, engineering consultants which represent the sponsors in construction projects, and the regulators. The conference is used to educate and discuss issues.

11. Issues

a. UAV’s

Unmanned aerial vehicles (drones) is a rapidly growing industry. The FAA is slow to develop regulation and the industry is impatient. Some of the issues with UAV’s: privacy concerns when used by law enforcement and by private entities; the safe and responsible use of UAV’s to keep the skies safe for aviation; and the use of UAV’s for criminal activity. Some states are adopting their own laws for these concerns plus provisions for civil action when UAV’s are used improperly. FAA recently (December 2015) came out with rules regarding registration of UAV’s.

b. Super AWOS

Using the aeronautics trust fund, the State has purchased and placed 29 remote weather reporting stations in South Dakota. These reporting stations use equipment called Super AWOS. The FAA will not certify this equipment which causes problems with using the information by some pilots in some situations. There is a battle between the FAA and the company producing the Super AWOS.

c. Re-organization of the FAA offices

The FAA has recently completed a reorganization of their field offices. In the past, South and North Dakota were combined to form one area district office (ADO) with the office located in Bismarck. Now, Minnesota has been added to this area and the main office was moved to Minneapolis. Some were worried South Dakota would lose its identity and funding for the airport improvement program. There is still an office in Bismarck with more FAA employees than before. We have not experienced a change in dealing with the FAA nor the funding.

d. Permitting of towers and other tall structures

One function of the Commission is to permit hazards to air navigation such as towers. The legislature was lobbied and SDCL 50-9-1 was amended in 2014 to include the following language.

Any person or organization, who intends to construct or alter a structure that exceeds two hundred feet above ground level and that is outside the zones described in this section and who has obtained a Federal Aviation Administration determination of no hazard, may provide that determination to the commission prior to the start of construction in lieu of the application and permit required by this chapter.

Although FAA action preempts the State, the FAA has no enforcement authority over tower construction. With the State's enforcement authority, we worked with the FAA for the safe construction of towers. We have not received one notification per this law to date.

12. Recommendations. FAA recently requested closer cooperation between SDDOT, airport sponsors and the FAA. We have outlined a process for that increased coordination – it will involve more staff travel time to regional meetings to discuss airport projects. We believe this increased coordination is a benefit to the Aeronautics Program at SDDOT in the form of reduced rework and more efficient delivery of projects.

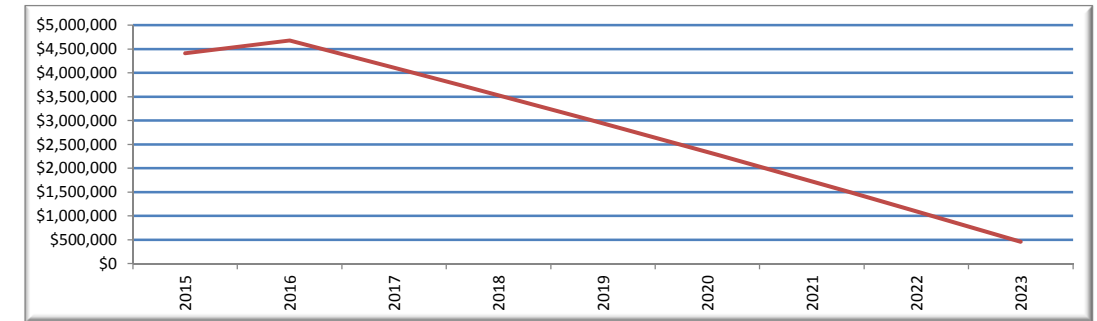
Attachment 1

Fee Type	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total Collected Per Fee Type</u>
Registration Fee	\$47,122	\$47,716	\$48,814	\$51,581	\$54,382	\$52,770	\$302,385
Registration Penalty Fee	None Recorded	\$16	None Recorded	\$98	\$13	Repealed in 2014 Session	\$127
Tax Payment	\$1,015,190	\$439,869	\$1,050,444	\$1,559,727	\$897,653	\$1,203,254	\$6,166,137
Tax Penalty Payment	\$486,151	\$43	None Recorded	\$10,711	\$7,624	\$401	\$504,930
Total Collected Per Year	\$1,548,463	\$487,644	\$1,099,258	\$1,622,117	\$959,672	\$1,256,425	\$6,973,579
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Number of Aircraft Registered	1131	1204	1232	1245	1362	1397	
Percentage increase each year		6.45%	2.33%	1.06%	9.40%	2.57%	

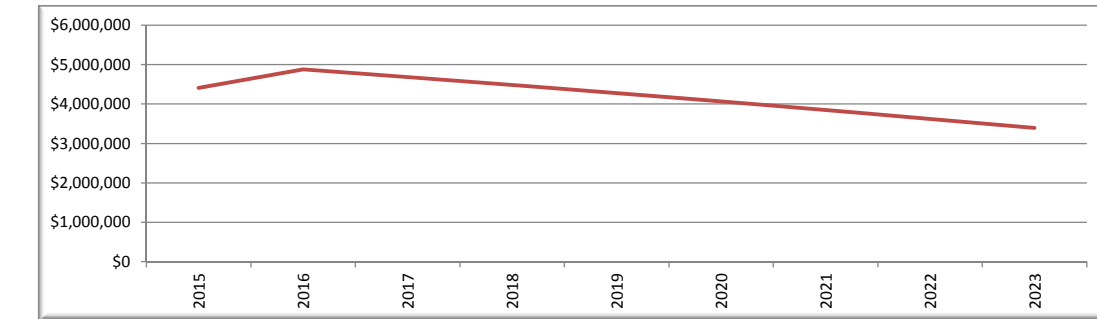
2016 Proposed Airport Projects		
Airport	Project Description	Total Funds
Aberdeen	Construction of phase II stormwater improvements	\$7,300,000
Belle Fourche	Install card reader; install new fuel system	\$433,000
Bison	Acquire SRE tractor and attachments; PM	\$300,000
Britton	13 end approach protection, land appraisal and acquisition; WHMP	\$270,000
Brookings	Braking meter; design 17/35 reconstruction (1700'X60')	\$82,500
Canton	Design wildlife fence	\$76,000
Custer County	Acquire rpz land, Design GA apron rehab; PM & markings	\$200,000
Desmet	Design/construct access road/parking lot, gate w/card reader	\$250,000
Faith	Upgrade fuel system and card reader	\$200,000
Flandreau	Design runway 10/28 reconst; Lighting imp; ALP update; PM	\$250,000
Gregory	Geotech exploration; design apron expansion 100x100; PM	\$28,000
Highmore	Construct partial parallel taxiway, phase 2	\$695,000
Hot Springs	Construct partial parallel taxiway	\$1,025,000
Huron	Road taxiway, RSA grading, fence relo, bldg removal; navaid found & utilities	\$2,159,741
Lemmon	Geotech analysis & prelim engineering for recon rwy 12/30, taxiway and taxilane	\$30,000
McLaughlin	Land acquisition for RPZ and departure surface	\$120,000
Madison	Construct detention pond, drainage, wetland mitigation, revise fence ; PM	\$1,416,000
Martin	design wildlife fence	\$33,333
Milbank	Design wildlife fence; appraisals/acquire RPZ land; ALP update; wildlife site visit; WHMP; PM	\$351,500
Miller	Land acq for hangar expansion(2.8 acres), fencing improvements; ALP update	\$375,000
Mobridge	Design runway 12/30 and connector reconstruction; SRE equipment; PM	\$162,000
Murdo	Land acquisition for 14-32 RPZ	\$150,000
Onida	Design and construct hangar taxilane extension; widen fuel taxilane	\$375,000
Parkston	Land acquisition for RPZ and hangar expansion (11 acres)	\$495,000
Philip	Fee and appraisal for acquiring land for 12/30 RPZ	\$75,000
Pierre	Design ARFF bulding; Wildlife assessment; MP update, eALP	\$1,015,000
Pine Ridge	Construct apron expansion - phase 1	\$694,445
Platte	Construction & engineering for recon runway 14/32 MIRL, PAPI	\$3,000,000
Rapid City	Old term apron rehab; GA apron rehab (north and westjet); Comm apron rehab; GIS 18B survey; apron testing	\$5,540,000
Redfield -	Land acquisition (90 acres); wetland mitigation/filling;	\$3,515,000
Rosebud	Rev producing fuel system; AWOS; PM	\$550,000
SDDOT	PM, including rejuv and Marking at GA Airports	\$1,000,000
Sioux Falls	Recon twy B, B2; partial recon rwy 3/21 ends; rwy 3/21 blast pads	\$8,969,400
Sisseton	Land acquisition; design wetland mitigation/filling; PM	\$850,000
Spearfish-BH	EA for eval of crosswind runway land acquisition for crosswind runway 5/23	\$150,000
Sturgis	Design/construct concrete apron joint repair (250'x350'); CATEx	\$96,000
Tea	Taxiway reconstruction - phase 1	\$1,006,035
Vermillion	Construct apron expansion	\$325,000
Wagner	Land acquisition of RPZ; update exhibit A; rehab turf; recon hangar taxilane	\$575,000
Wall	ALP update and airport master plan	\$275,000
Watertown	Reconstruct runway 12-30	\$8,000,000
Webster	acquire land for RPZ and wildlife fence clearance;	\$350,000
Winner	Design lower apron expansion; geotech investigation; PM (spall, sealant)	\$42,500
Yankton	Phase 2- design apron expansion; remove one; relocate two hangars	\$50,000
	Totals	\$52,855,454
		Total Funds

Aeronautics Trust Fund Balance Projection 2016-2023

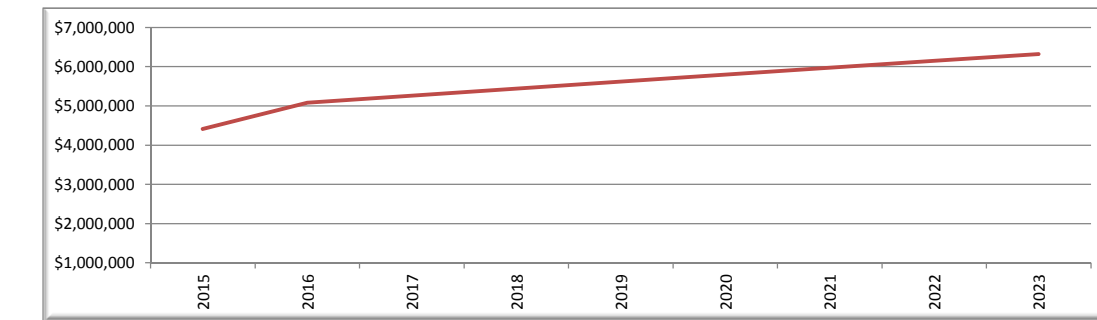
5% State Match (2016-2023)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
EST TOTAL PROJECT (state & fed)	26,761,855	20,305,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
State Funds Needed for AIP projects	1,338,093	1,015,250	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Projected Aircraft registration	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Projected Original Aircraft Tax	1,200,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Projected Av. Fuel Taxes	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Projected Interest on Cash Balance	40,532	88,689	92,674	84,156	75,468	66,605	57,565	48,345	38,939	
Projected State Fund Expenditures for AIP Projects	-1,338,093	-1,015,250	-1,850,000	-1,850,000	-1,850,000	-1,850,000	-1,850,000	-1,850,000	-1,850,000	-1,850,000
Estimated Salaries	-315,000	-317,740	-320,535	-323,385	-326,293	-329,259	-332,284	-335,370	-338,517	
Projected Other 100% State Funded Projects	-100,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	
End of Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Total Aeronautics Fund Balance	\$4,412,567	\$4,678,266	\$4,110,405	\$3,531,175	\$2,940,350	\$2,337,696	\$1,722,977	\$1,095,952	\$456,374	
Total State Funds Needed	1,953,093	1,582,990	2,420,535	2,423,385	2,426,293	2,429,259	2,432,284	2,435,370	2,438,517	



4% State Match (2016-2023)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
EST TOTAL PROJECT (state & fed)	26,761,855	20,305,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
State Funds Needed for AIP projects	1,338,093	812,200	1,480,000	1,480,000	1,480,000	1,480,000	1,480,000	1,480,000	1,480,000	1,480,000
Projected Aircraft registration	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Projected Original Aircraft Tax	1,200,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Projected Av. Fuel Taxes	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Projected Interest on Cash Balance	40,532	88,689	95,720	92,798	89,789	86,691	83,503	80,221	76,844	
Projected State Fund Expenditures for AIP Projects	-1,338,093	-812,200	-1,480,000	-1,480,000	-1,480,000	-1,480,000	-1,480,000	-1,480,000	-1,480,000	-1,480,000
Estimated Salaries	-315,000	-317,740	-320,535	-323,385	-326,293	-329,259	-332,284	-335,370	-338,517	
Projected Other 100% State Funded Projects	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	
End of Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Total Aeronautics Fund Balance	\$4,412,567	4,881,316	4,686,500	4,485,912	4,279,408	4,066,840	3,848,058	3,622,909	3,391,236	
Total State Funds Needed	1,703,093	1,179,940	1,850,535	1,853,385	1,856,293	1,859,259	1,862,284	1,865,370	1,868,517	



3% State Match (2016-2023)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
EST TOTAL PROJECT (state & fed)	26,761,855	20,305,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
State Funds Needed for AIP projects	1,338,093	609,150	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
Projected Aircraft registration	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Projected Original Aircraft Tax	1,200,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Projected Av. Fuel Taxes	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Projected Interest on Cash Balance	40,532	88,689	98,765	101,439	104,110	106,777	109,440	112,097	114,748	
Projected State Fund Expenditures for AIP Projects	-1,338,093	-609,150	-1,110,000	-1,110,000	-1,110,000	-1,110,000	-1,110,000	-1,110,000	-1,110,000	-1,110,000
Estimated Salaries	-315,000	-317,740	-320,535	-323,385	-326,293	-329,259	-332,284	-335,370	-338,517	
Projected Other 100% State Funded Projects	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	
End of Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Total Aeronautics Fund Balance	\$4,412,567	5,084,366	5,262,596	5,440,650	5,618,466	5,795,984	5,973,140	6,149,867	6,326,097	
Total State Funds Needed	1,703,093	976,890	1,480,535	1,483,385	1,486,293	1,489,259	1,492,284	1,495,370	1,498,517	



2015 Actual grants and payments from previous open grants
 2016 Actual CIP and estimated payments on open grants
 2017 forward - \$37,000,000 based on previous AIP grant seasons
 The Trust fund balance includes \$500,000 returned from legislature in 2014.